

BUDGET PROCESS AD-HOC COMMITTEE

Meeting Agenda

November 15, 2017 – 6:00-7:30 PM

Community Development Building, Siskiyou Room

51 Winburn Way

- 1. Call to Order**
- 2. Approval of Minutes**
2.1. November 8, 2017 Meeting Minutes
- 3. Public Forum** (Evenly divided by public wishing to speak)
- 4. Review of City Council Presentation**
- 5. Wrap Up**

Scope of Work

The ad hoc Budget Process Committee will be convened to discuss specific issues relating to the Citizen's Budget Committee's (CBC) role with the City's budget and property tax levy approval. The committee will be made up of two elected members of the CBC, two citizen members of the CBC, and two City staff members to be identified by the Mayor. Each member will have voting rights. The committee will meet at a frequency desired by the committee. Topics of discussion may include but not limited to the following:

- Committee member's preferences for ground rules, rules of order, conduct of meetings, voting/reaching consensus, fact finder process, etc.
- General economic projections by the Finance Officer of the possible changes in revenues, expenditures, or requirements of the next budget process.
- Orientation on the budget document, the fund structure and the types of activities or programs and expenditures made from each fund in the budget.
- Training on the budget committee process, calendar, expectations for members, etc.
- Other issues deemed pertinent by the ad hoc Budget Process Committee.
- Committee will assemble a report for Council with recommendations by the second meeting in October.

The committee meetings shall be governed by the City of Ashland uniform policies and procedures for advisory boards and commissions (AMC Chapter 2.10). The committee chair shall make sure that each meeting agenda includes time for public input.

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DRAFT Budget Process ad-hoc Committee Minutes

November 8, 2017

6:00 p.m.

**Community Development Building, Lithia Room
51 Winburn Way**

Call to Order/Opening Remarks

Meeting was called to order at 6:00 p.m. by Chairman Dennis Slattery

Roll Call

Present:

Garrett Furuichi
Paula Hyatt
Dennis Slattery
Mark Welch
David Lohman (Non Committee Member, left at 6:20 p.m.)
Rich Rosenthal

Absent:

Adam Hanks

Approval of Minutes from October 11, 2017 and October 25, 2017

MOTION by Councilor Rich Rosenthal, SECONDED by Committee Member Paula Hyatt to approve the Minutes of the October 11, 2017 Budget Process ad hoc Committee meeting and the Minutes of the October 11, 2017 Budget Process ad hoc Committee meeting With the following amendments be made to the Meeting Minutes for October 25th made by Committee Member Paula Hyatt, on page 4 section 7 change section to read that “this what makes this unique”, on Page 5 section 8b adding the word not be added to state the at one of the “biggest frustrations was not having a single sub schedule” on page 3 section 7 change the word “futility” to “fluidity”. Carried unanimously.

Public Form None

Budget Committee Information Request Discussion -

1. Slattery opened the discussion by turning the presentation over to David Lohman, City Attorney. The committee looked at the supplemental questions, as directed by Lohman on page 27 which referred to the committee members making requests. He added that this was his opinion of what made sense and that at some point someone has to balance the need to request information and the staff time.
 - a. Lohman added that there is one protocol of requests during the budget season, when the budget committee is in session and the budget committee would be involved if a final decision needed to make place and that during the off season it would be council or the Mayor if it was required an immediate decision before the Council could meet. He added during the budget season if the decision is urgent and it falls between a budget meeting that decision would fall to the mayor.
 - b. Committee Member Furuichi asked for a scenario of this. Slattery asked that the committee finish the current conversation before moving on.
 - c. Slattery asked Lohman where the wording for a request made and if the budget committee decides that they want this information. Lohman stated this information was in (17b) on page 28. Hyatt and Lohman stated that they do not see this information in section (b). Slattery gave an example of what this would look like by stating that a request for item is made, staff state this would take too much time, we would like to take it to the group to see if the group wants it. He added that he thought there was a policy regarding this. Lohman stated that the information in front of them was to address when an individual budget committee member

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wants information. Slattery responded by using the two-hour rule for council. He added that if he was to ask for something that was with two hours of staff time that was fine, but if it is outside of two hours it would need to go to council. He then went on to ask where the budget committee equivalent to this would be. Lohman responded that this was (b)(ii)(3). He went on to explain that if a request comes in budget officer or the department director, along with the City Administrator look at it to determine if the scope is appropriate and if it would take more than two hours of staff time. Hyatt asked to clarify if what Lohman was referring to was if a request comes out of the four primary meetings. The committee agreed yes. She then added that what she thought Slattery was asking was questions that come up during a meeting. Slattery added that is not as important to know if the question is coming up in or outside a meeting but wanting to know if the request is beyond the standard for staff time. Lohman responded by saying he did not address this on the assumption that if the budget committee asks Mark Welch, Administrative Services Director for information and that this could be a request that is done quickly by staff or take a longer amount of time. Slattery clarified that this would be addressed to the budget committee in full, but this would still not include the City Administrator or the Mayor. He added that he would like to see where this would permit the budget committee to make this decision. Lohman added that this does not address when the budget committee is in session. Slattery and Welch added that the supplemental question does get at this. Slattery stated an item that included the Mayor helping to make these decisions. He added that was the issue in the wording and that this should state the chair of the budget committee as this is a formalized process and that during this process the Mayor would be just a member of the budget committee. He asked that the budget committee chair or presiding officer be added in the place of the wording that states mayor. Councilor Rich Rosenthal confirmed this as they are also the one that helps work to put the meeting agenda together.

- d. Furuichi asked to clarify that the where speaking to item referring to Mayor and notifying the presiding officer. Slattery confirmed that this the wording that they would be changing in three places including in (b), (i) and (ii).
- e. Lohman questioned parts in (b)(ii) and asked if it really is the budget committee chair that makes decisions, as he would not appreciate what the staff time looks like and they would not be in a position to balance staff time with the needs of the staff, but that the mayor would be in this position. Furuichi if this was during the nine off season meetings, the committee agreed this was not and was during the budget season. Lohman clarified that this would be used in an urgent situation. Hyatt added that Karns the current City Administrator and Welch had to work thorough this in the previous budget season. Slattery added that he thought that it would work well to have the City Administrator, the Budget Officer, and the Presiding Officer help to make these decisions. He added that the Mayor is a part of the budget committee. Furuichi added that this in budget season and that there are four meeting scheduled during the month of May and that if there is something more urgent then what would take place in these four meetings. Welch added that this is a timeliness issue and that it could be up to a month for requested information to get back.
- f. Slattery added that City Administrator, the Budget Officer, and the Presiding Officer need to be in agreement, he added that worse thing would be if they were not. He added that he would hope that the team would agree and work through any differences. But for in budget decision he thought it would be odd to go back the Mayor for these decisions. The committee agreed.
- g. Slattery spoke to emails being shared between committee members and staff. And then generally when a committee member asks a question the staff would then email it out to the entire committee when it is answered. He added that this should be standard procedure. The committee also discussed what a serial meeting would look like if committee members began to have a conversation via email. Furuichi asked if these types of questions would be distributed without attribution or knowing who asked the question. Slattery and Rosenthal

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stated that this a matter of public record. Furuichi asked if this was in code. Slattery responded that this was legal statute. Lohman clarified that it is not a state statute that everyone be notified but that it would be a matter of public record. Furuichi stated that if you begin the discussion and begin to receive replies, that would then go into deliberations. Slattery added that you need to let people know. Lohman added that bcc messages are mechanically the way to do these sorts of emails. Furuichi agreed that the approach of bcc is the right way. Slattery also stated that this will be a part of training.

- h. Furuichi stated that he had some technical questions for Lohman that he will distribute. Slattery reminded Furuichi to send them to Lohman who will respond to the committee. Lohman added to use bcc to send out the entire committee. Slattery clarified that it can start as a bcc and that the response from the staff member could then be sent out by the staff member.

Review of Nine Meeting Topics and Onboarding Guide

1. Welch presented the on what the nine off season budget committee meetings would look like. Slattery asked if each of these would be two hours. Welch added that two would be similar to the 8th quarter meeting at an hour a piece. Slattery added that some topics could be done one hour each at two-hour meeting.
2. Furuichi asked if it was all was related to the 2019-2021 budget cycle. Welch responded by saying that this was the budget we were in. Furuichi asked if then there would be a meeting in January. Welch added that this proposes that will be doing a semiannual update as opposed to a quarterly update.
 - a. Slattery stated that this was at this point a discussion point. He added that committee according the scheduled would be having a 2nd quarter financial report, 4th quarter financial report, a 6th quarter financial report, and then an 8th quarter financial report. He added that the June and July would be the 1st year review and the 2nd year look ahead. He then asked Welch when the 4th quarter review would be done. Welch added that it would be late July. Slattery asked then why would the 8th quarter review be in September. Welch added that was based on timing, based on when the item was pulled to go as a budget committee item. Slattery ask that item number seven on the meeting topics list include the 4th quarter review. Welch clarified that the 4th quarter review would be a part of number six. Slattery added that this would make sense.
3. Rosenthal stated the second year review wording was changed to look ahead.
4. Welch stated that the six year CIP review is still left to be added. He added that there is still not a long term document, but that this will come next fall. The CIP item listed on the meeting list is in regards to the current year's CIP. Slattery added if a new meeting would be need to be added. Welch added that this could be added to another meeting already listed.
5. Hyatt asked for clarification in reconciling the gnat chart listed in the training and reference guide and the meeting listed handed out, as the two did not match. Welch added that training and reference guide chart had some council items, but that to are similar. She added that she say some items missing between the two and the language was also different. Slattery agreed. Hyatt asked what list that they wanted to work to. The committee agreed on the list handed out not the list in the training and reference guide.
6. Slattery asked in regards to training. Welch also questioned if this would be an outside meeting or if this would be formal meeting and do we require everyone to be there. Slattery added that we can never require everyone to be there. He added that this could be something that is held back and that council helps to make this decision. Hyatt was in agreement. Slattery stated that would be nice to have everyone at the meeting. Rosenthal suggested a video series of trainings. Slattery stated that it there is something to having the physical group as opposed to a video. Rosenthal stated that it would be nice to have the first kickoff meeting be outside of a conference room and more informal. Furuichi suggested the RCC campus in conjunction with the department of revenue training. Slattery stated that we are bound to meetings in Ashland and that people should be encouraged to attend the Department of revenue training but the training that he is referring to is our culture of training. He

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also added that there could be half an hour of discussions. Rosenthal added that this training could take place and then a social aspect after. Slattery added that a social outside of this would not have to be noticed. Hyatt added that she thought that there was an expectation last year that they would meet to go over ground rules and that a social like this would fit in nicely. Slattery added that this would reinforce the rules and that this would encourage the team to work together. Furuichi added that the February time frame works because that is when the budget assumptions could happen as one of the next series.

7. Slattery stated the list was a good starting point, and that it could be adjusted as they go and the committee have good conversation around these topics.
8. Furuichi added that he would like to add in the 8th quarter review, a year end CIP and to highlight the variances.
9. Slattery added that the postmortem also would need to be added to the list. He added if this was being used as an outline for each biennium that the first thing done each July would be the postmortem and that it would not be a part of the nine meetings and that it would be meeting zero.
10. Slattery asked the committee if the committee was ready to have a draft ready next week. Furuichi clarified that the documents that he currently had were the items for review and that if the items presented were the report that was going to council. Welch stated this was a part of it with another report on the top. Slattery asked that Welch create and bring the council communication that will be used to the meeting next week. Furuichi asked for the draft prior to 10:00 a.m. the day before the next meeting. Welch stated that would not be an issue.
11. Furuichi asked if there was any discussion on the formatting of the budget layout as part of the training document. Welch stated that it would not be a part of the presentation to council. Furuichi stated that it would be a part of the training and reference guide. Hyatt asked if he meant if there would be a training on the budget book. Furuichi Stated yes that he would like to see a summary of what a department presentation will look like and that as part of orientation this example would be great in the training guide. Slattery stated that is a really good idea, but that what could be made available is a description of the process, what the book will like, when the meetings are. Furuichi added that there is value in being able to see all this information. Slattery added that staff would have to be added to this conversation and that this information would be a part of the presentation to council. Hyatt noted that there are still parts that are not developed and that a place holder could be created. She also added that the committee was ready to put all the ideas into a package. Slattery added that next week Mark would present what he has and work out the bugs from there. Hyatt added that as a new budget committee member she would feel more sure footed about the budget process.

Meeting called to a close at 6:43 p.m. by Chairman Slattery

Next Meeting

Next meeting scheduled for November 15, 2017 at 6:00 p.m.

Respectfully Submitted By: Natalie Thomason

Citizens Budget Committee

Training & Reference Guide

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Biennium 2019-21

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2. Previous Biennium Budget Brief
3. Legal Questions and Answers from City Attorney
4. Budget Calendar
5. Definition of budget terms
6. Robert's Rule of Order
7. Useful website links

INTRODUCTION

Welcome to the City of Ashland Citizens' Budget Committee!

The Citizens' Budget Committee (CBC) is a critical Committee with a lot of responsibility. The City of Ashland values this important step in the biennium (BN) budget adoption process. The City believes that the CBC should have more input than those explicitly identified in State Law. For reference, the Local Budget Law can be found in Oregon Revised Statutes (ORS) 294.305 through 294.565. The text for these statutes can be found at www.leg.state.us.or. This packet identifies these statutes and how they impact the operation of the CBC.

The CBC is a partner in the long term financial sustainability of the City's financial position. This packet includes a summary of key information to help create a successful budgeting process. The information and process can be confusing at times and it is the desire of the City Council that any uncertainties be communicated with the Budget Officer for clarification.

After the BN 2017-19 process, the City Council felt that it was important to evaluate the entire budget process and identify ways that the process could be improved in future years. The BN 2019-21 budget process incorporates these changes into the CBC approval process.

The proposed formal Budget Committee meeting schedule is as follows:

Meeting 1: (January): Presentation from City Administrator, Budget Officer on current citywide operational items, and Public Works

Meeting 2: (January): Presentation of Department status of Police, Fire and Community Development

Meeting 3: (End of March): Budget Message and Major Changes

Meeting 4: (Early April): Personnel Budget and Debt Service

Meeting 5: (Mid-April): Capital Improvement Projects

Meeting 6: (April): Materials and Services Budget, Deliberations and Potential Approval

Meeting 7: (Early May, if needed): Property tax and budget approval

GOVERNMENTAL BUDGETING PRIMER

What is a Budget?

- The budget provides a financial plan for the Biennium
- The budget is a policy document indicating the priorities of the City
- The budget is a legal document making lawful appropriations giving the City the authority to spend public money
- The budget is a public communication tool
- The budget is an internal control document ensuring compliance by an annual outside audit

City Staff Work Calendar

The Budget is not completed during the budget committee process. The Budget is built for several months before presented for deliberations and ultimately adoption.

Insert Internal Calendar here

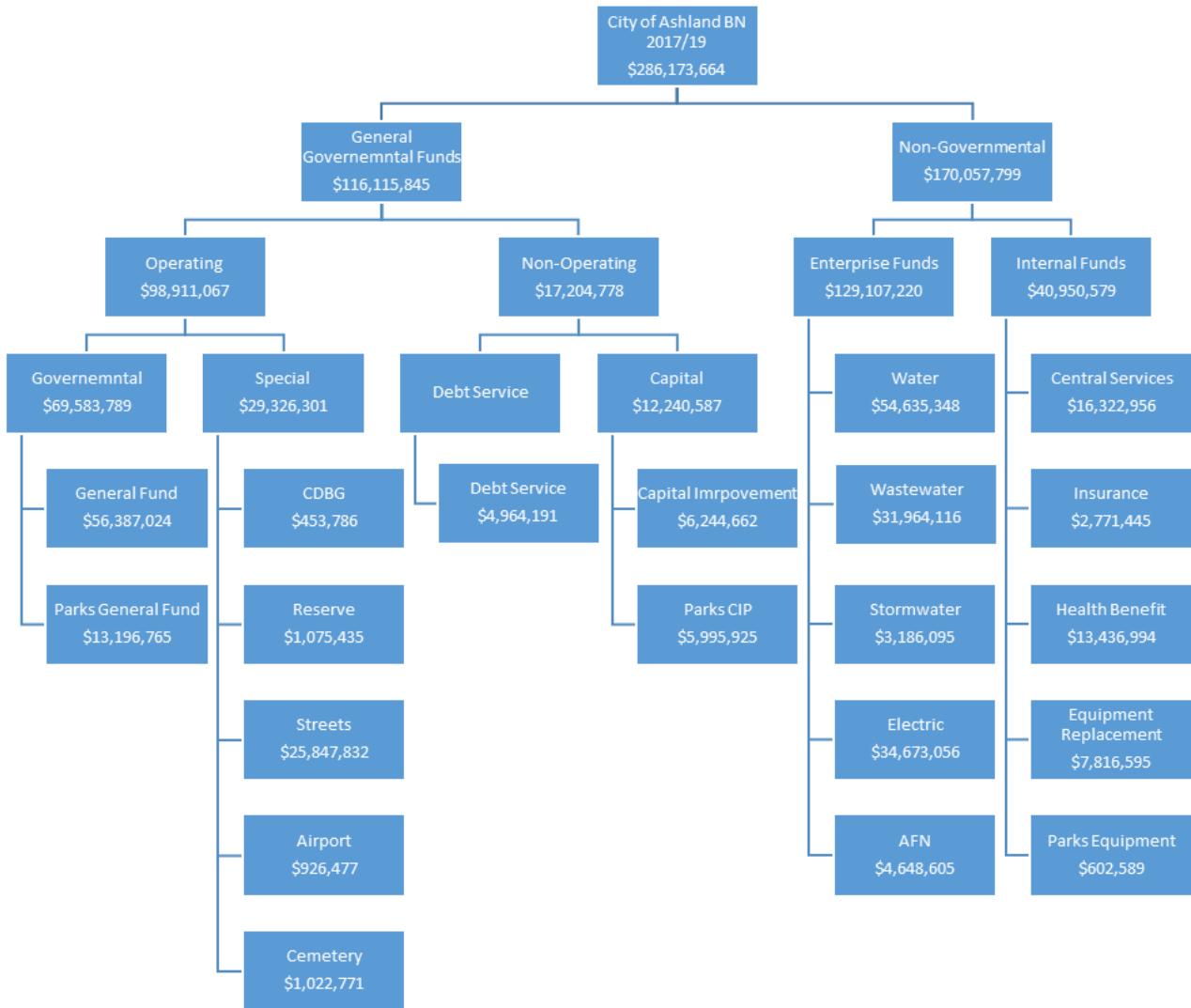
Fund Accounting

The City uses fund accounting to report on its financial position and the results of its operations. All governmental type funds (such as the General Fund and the Capital Improvements Fund) use the modified accrual basis of accounting. This means revenues are recognized only when they become measurable and available and expenditures are recognized when the fund liability is incurred (when the money is committed to be spent). Proprietary type funds (Sewer, Water, Electric, Etc.) use the full accrual basis of accounting. In this latter case, expenditures are recognized when the fund liability is incurred, but revenues are recognized when they are obligated to the City (which can be before they are actually received).

A formal encumbrance system is utilized that commits funds for later payment and ensures that appropriations cannot be overspent. Re-categorizing money to an encumbrance occurs when a commitment to purchase is made. Encumbrance money may not be spent. Goods and services not received by the fiscal year end result the encumbrance lapsing and rolling over into the next fiscal year.

An established internal control structure is used to protect assets from loss, theft or misuse and to ensure that compliance is maintained with accepted accounting principles. Budgetary control is maintained through quarterly budget review approved by the City Council.

The City maintains 20 budgeted funds. The relationship between the funds are listed below:



Fund	Major Revenue	Major Expenditures
General Fund	<ul style="list-style-type: none"> - Property Tax - Transient Occupancy Tax - Franchise Fees - Charges for Services 	<ul style="list-style-type: none"> - Police - Fire - Community Development - Cultural, Economic and Social Service Grants
Parks General Fund	<ul style="list-style-type: none"> - Charges for Services (General Fund Property Tax) - Charges for Services 	<ul style="list-style-type: none"> - Parks - Recreation
Water Fund	- Charges for Services	<ul style="list-style-type: none"> - Water Treatment and delivery
Electric Fund	- Charges for Services	<ul style="list-style-type: none"> - Electric Service for the Community
Central Services	<ul style="list-style-type: none"> - Charges to other Departments 	<ul style="list-style-type: none"> - City Administrator Office - Finance - Human Resources - Information Technology - City Recorder
	-	-
	-	-
	-	-
	-	-
	-	-

BUDGET IN BRIEF

The City of Ashland strives to deliver services essential to the community and that enhance quality of life. This document provides information to the Ashland community about where the money to finance the city comes from and how that money is spent.

Ashland revenue is primarily collected from fees paid for services. Two-year comparisons of budgeted resources and uses follow.

What do I get for my money?

Below are major revenue sources that citizens and visitors often ask about.

Property Tax generates approximately \$23.9 million for the City. It is used to pay for expenses found in the General Fund such as police and fire, for some of the City's principal and interest on debt and for expenses in providing parks and recreation. Voter approved levies have been used in the past for youth activities and a levy is included in this budget to assist in the operation of the library on an interim basis. Property owners within the Ashland city limits pay \$4.3888 per \$1,000 of assessed value for the City's share of the total property tax assessed.

Transient Occupancy Tax (TOT) also referred to as the hotel/motel tax generates approximately \$5.9 million and is used for three purposes: Economic and Cultural Development, tourism promotion and the remainder for general expenses in the General Fund such as police and fire. The Hotel/Motel rate in Ashland is currently nine percent (9%). The hotel/motel keeps five percent (5%) of the money collected as payment for processing.

Prepared Food and Beverage Tax (F&B) also referred to as the meals tax generates approximately

\$5.9 million and twenty-five percent (25%) of the revenue goes toward acquisition, planning, development, repair, and rehabilitation of city parks. A total of \$3,209,200 will be utilized for the wastewater treatment plant annual debt service and capital improvement projects. The remaining portion shall be paid into the Street Fund and used for street maintenance and reconstruction. The tax rate is five percent (5%) on most meals and non-alcohol beverages served or catered. In effect, the proceeds help keep sewer rates low and funds park expansion. This tax ends in December 2030.

Electric Utility Users Tax generates approximately \$6.9 million and is used to pay for expenses associated with the General Fund, such as police and fire. Utility bills include this tax which is approximately twenty-five percent (25%) of the total electric charges on the bill.

Charges for Services generate approximately \$116.4 million and pay for the water, wastewater, electric, and high-speed data services provided to residential, commercial and governmental properties. In general, the revenue generated is based on the base cost to provide the service and normally includes a charge that represents level of service used.

Utility Fees generate approximately \$4.6 million and are used to pay for operational and

construction needs for transportation (streets, sidewalks, bicycle lanes, handicap access, etc.) and for storm drains (line maintenance, open ditches, sediment pond cleaning, etc.).

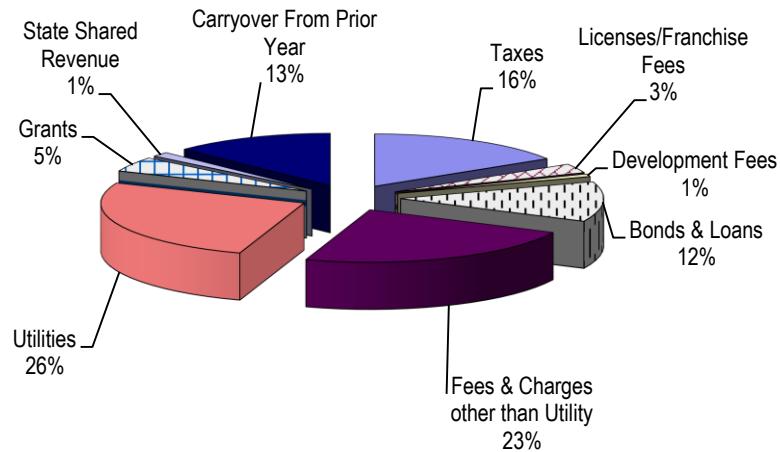
Miscellaneous Licenses, Permits and other Fees and Charges (excluding interest earnings, transfers & internal payments) generate approximately \$17.5 million and are used to pay for the cost of non-utility services provided such as ambulance transport, building inspections, recreation, construction services, parking, cemetery services, etc., across funds.

Note: All rates and amounts shown are current and subject to change during the year or by Council action. Examples of service levels and outcomes can be found throughout the Departmental section of this document.

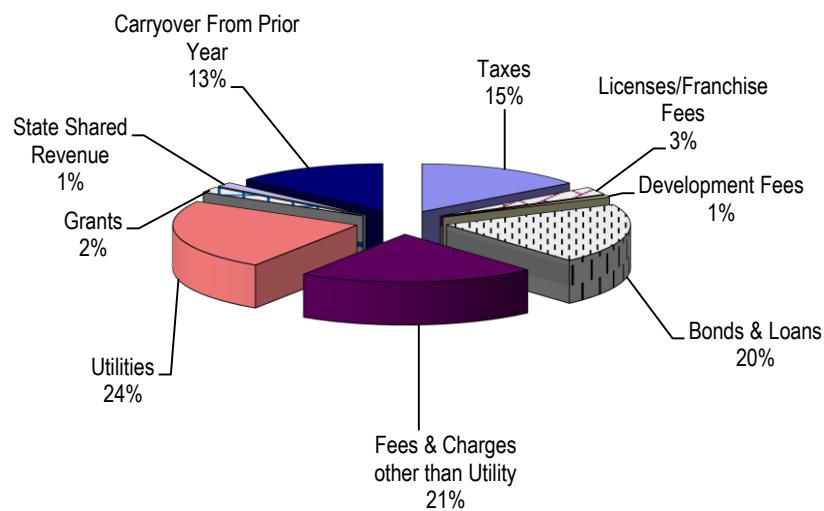
Where the Money Comes from

	Amended BN 2015-17	Adopted BN 2017-19
Taxes		
Property (Current)	\$ 20,404,186	\$ 22,449,940
Property (Prior)	966,880	790,000
Food & Beverage	5,506,460	5,980,765
Hotel/Motel	5,229,810	5,880,900
Utility Users Tax	6,298,000	6,890,470
Marijuana Tax	2,000	-
Water charge for AFR	350,000	350,000
	<u>38,757,336</u>	<u>42,342,075</u>
Licenses/Franchise Fees		
License	443,200	498,700
Franchises	6,455,040	7,182,730
	<u>6,898,240</u>	<u>7,681,430</u>
Development Fees		
Permits	1,910,425	1,660,300
Bonds & Loans		
Capital Improvement Projects	-	3,250,000
Bond & Bank loan proceeds	26,935,724	52,836,312
Interfund Loan	2,571,200	2,100,000
	<u>29,506,924</u>	<u>58,186,312</u>
Fees & Charges other than Utility		
Finance	96,948	18,498
Administration	-	120,000
Police	205,000	215,000
Court	504,000	391,000
Fire & Rescue	2,087,350	2,568,000
City Recorder	21,430	25,500
Cemetery	120,000	113,000
Planning & Building	625,000	600,000
Public Works / RVT	2,064,648	1,992,248
Electric	453,686	487,534
Parks & Recreation	11,577,930	13,207,600
Technology Payment	2,308,600	2,308,600
Rents	619,048	270,000
Internal Service	28,861,587	31,345,189
SDC's	592,416	731,500
Interest on Investments	369,358	457,850
Fines	410,000	857,900
Special Assessment Payments	520,000	60,000
Miscellaneous Income	1,200,678	1,120,550
Transfers	2,456,240	2,831,440
	<u>55,093,919</u>	<u>59,721,409</u>
Utilities		
Wastewater	10,767,000	11,852,000
Storm Water	-	1,390,000
Street	4,165,900	3,195,895
Electric	29,539,358	32,014,707
Telecommunications	4,363,565	4,335,155
Water	13,954,600	15,874,482
	<u>62,790,423</u>	<u>68,662,239</u>
Grants		
Federal Grants	1,692,190	2,236,244
State Grants	9,279,566	3,272,895
	<u>10,971,756</u>	<u>5,509,139</u>
State Shared Revenue		
Cigarette Tax	55,000	47,450
Liquor Tax	610,000	703,210
Gas Tax	2,678,800	3,580,320
	<u>3,343,800</u>	<u>4,330,980</u>
Carryover From Prior Year	<u>30,632,011</u>	<u>38,079,780</u>
Total Resources	<u>\$ 239,904,834</u>	<u>\$ 286,173,664</u>

BN 2017-19 Adopted



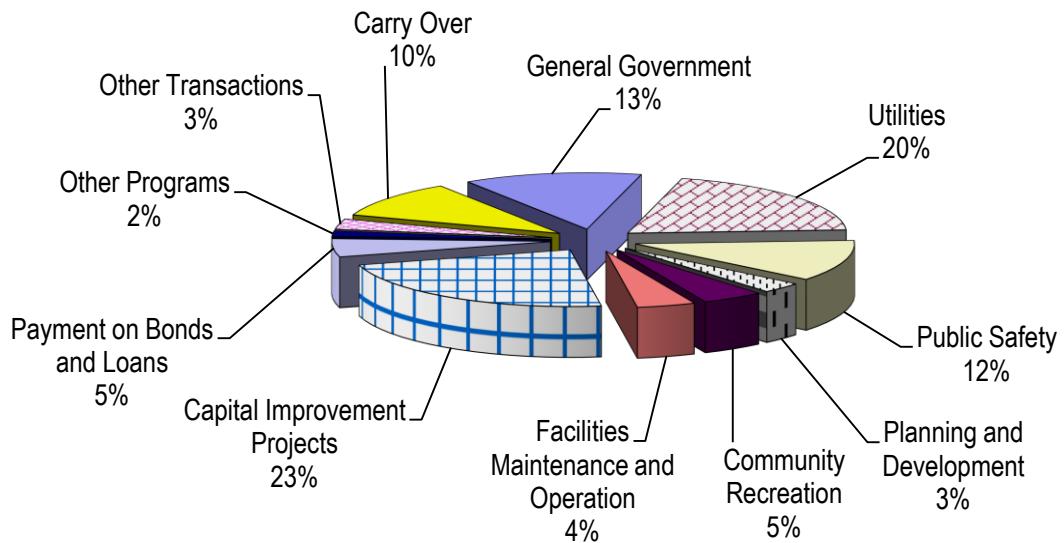
BN 2015-17 Amended



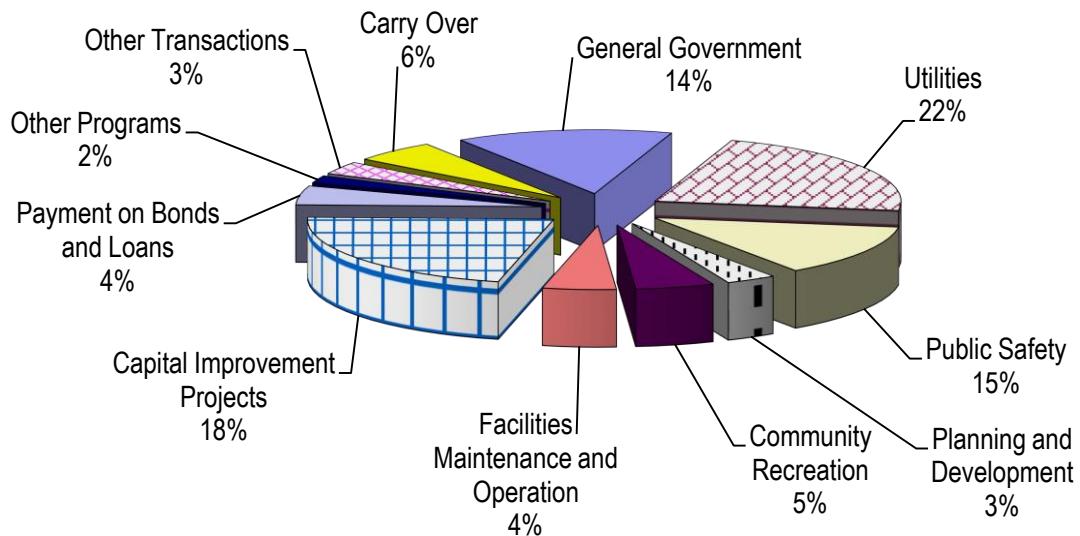
Where the Money Goes

	Amended BN 2015-17	Adopted BN 2017-19
General Government		
Mayor, Council, City Recorder	\$ 1,324,316	\$ 883,043
Administration	2,423,315	2,802,663
Legal Services	961,008	1,026,146
Human Resources	716,898	902,606
Finance & Accounting	4,751,027	5,053,544
Parks Contracted Services	9,560,000	10,601,400
Insurance Services	2,019,750	2,087,950
Information Services	2,558,138	2,768,775
Health Insurance	<u>9,830,000</u>	<u>11,557,301</u>
	<u>34,144,452</u>	<u>37,683,428</u>
Utilities		
Electric	28,825,043	31,017,690
Water	9,264,961	10,466,438
Wastewater	9,731,558	10,205,023
AFN	4,189,734	4,166,095
Storm water Collection	<u>1,444,200</u>	<u>1,559,713</u>
	<u>53,455,496</u>	<u>57,414,959</u>
Public Safety		
Police Protection	13,637,535	15,248,125
Fire Protection	8,978,151	9,251,390
Forest Interface	1,672,608	1,838,171
Emergency Services	5,814,495	6,356,444
Municipal Court	<u>1,056,830</u>	<u>944,095</u>
	<u>31,159,619</u>	<u>33,638,225</u>
Planning and Development		
Planning	2,886,423	3,508,080
Building Inspections	1,459,230	1,479,935
Engineering Services	<u>3,566,522</u>	<u>3,644,262</u>
	<u>7,912,175</u>	<u>8,632,277</u>
Community Recreation		
Parks Operation & Administration	8,316,829	8,619,215
Recreation Programs & City Band	2,959,180	3,325,411
Golf Course	<u>1,104,650</u>	<u>1,163,100</u>
	<u>12,380,659</u>	<u>13,107,726</u>
Facilities Maintenance and Operation		
Roadways & Bikeways	5,269,024	5,768,397
Equipment Maintenance	2,908,860	3,176,472
Buildings, Grounds, Airport	2,630,993	2,547,380
Cemeteries	<u>740,365</u>	<u>821,778</u>
	<u>11,549,242</u>	<u>12,314,027</u>
Capital Improvement Projects		
Construction and Internal Projects	48,676,399	61,932,993
Equipment	<u>3,760,632</u>	<u>3,682,905</u>
	<u>52,437,031</u>	<u>65,615,898</u>
Payment on Bonds and Loans		
Infrastructure Improvements	10,632,044	14,680,986
Land Acquisition	<u>800,000</u>	<u>-</u>
	<u>11,432,044</u>	<u>14,680,986</u>
Other Programs		
Economic and Cultural Development Grants	1,695,033	1,601,300
Social Services Grants	267,933	267,940
Community Development Grants	439,798	453,785
Conservation	<u>2,116,055</u>	<u>2,225,778</u>
	<u>4,518,819</u>	<u>4,548,803</u>
Other Transactions		
Interfund Loans	2,571,200	2,100,000
Operating Transfers to Other Funds	2,456,240	2,831,440
Contingencies	<u>2,675,570</u>	<u>3,533,500</u>
	<u>7,703,010</u>	<u>8,464,940</u>
Carry Over	<u>13,212,287</u>	<u>30,072,395</u>
Total Requirements	<u>\$ 239,904,834</u>	<u>\$ 286,173,664</u>

BN 2017-19 Adopted



BN 2015-17 Amended



Capital Improvements Plan							
Planned Expenditures During BN 2017-19 Years 1 and 2							
BUDGET							
Project Description	BN 2017-19	BN 2017-19	BN Capital Project Totals		Planned Resources		
Roadway	Yr 1	Yr 2	Project Totals		Street SDC	Grants	Other
Railroad Crossing Improvements; Hersey & Laurel	\$ 450,000	\$ -	\$ 450,000	\$ -	\$ 255,642	\$ -	\$ 194,358
Independent Way - Washington St to Tolman Creek Rd	\$ 1,590,000	\$ -	\$ 1,590,000	\$ 590,000	\$ -	\$ 1,000,000	\$ -
N Main Refuge Island	\$ 80,000	\$ -	\$ 80,000	\$ -	\$ -	\$ -	\$ 80,000
East Nevada Street Extension	\$ -	\$ 6,494,400	\$ 6,494,400	\$ 1,194,970	\$ 3,000,000	\$ -	\$ 2,299,430
Grandview Drive Improvements - Phase II	\$ -	\$ 350,000	\$ 350,000	\$ -	\$ -	\$ -	\$ 350,000
City Wide Chip Seal Project	\$ -	\$ 93,404	\$ 93,404	\$ -	\$ -	\$ -	\$ 93,404
Subtotal Roadway	\$ 2,120,000	\$ 6,937,804	\$ 9,057,804	\$ 1,784,970	\$ 3,255,642	\$ 1,000,000	\$ 3,017,192
Street Improvements/Overlays per Pavement Management System	Yr 1	Yr 2	Project Totals	Street SDC	Grants	Other	fees & rates
Overlay/Partial Rebuild - N Mountain Ave - Hersey to I-5	\$ 840,000	\$ -	\$ 840,000	\$ -	\$ -	\$ -	\$ 840,000
Overlay - Wightman Street - Quincy to Siskiyou	\$ 225,000	\$ -	\$ 225,000	\$ -	\$ -	\$ -	\$ 225,000
Replane/Rebuild - Hersey St - N Main to N Mountain	\$ 1,000,000	\$ 3,000,000	\$ 4,000,000	\$ -	\$ -	\$ -	\$ 4,000,000
Overlay/Partial Resurf - N Mountain Ave - E Main to R/R Tracks	\$ -	\$ 200,000	\$ 200,000	\$ -	\$ -	\$ -	\$ 200,000
Subtotal Street Improvements/Overlays	\$ 2,065,000	\$ 3,200,000	\$ 5,265,000	\$ -	\$ -	\$ -	\$ 5,265,000
Sidewalk/Pedestrian	Yr 1	Yr 2	Project Totals	Street SDC	Grants	Other	fees & rates
Hershey Street - N Main Street to Oak Street (CMAQ)	\$ 250,000	\$ -	\$ 250,000	\$ 62,500	\$ -	\$ -	\$ 187,500
Downtown ADA Ramp Replacement	\$ 88,950	\$ -	\$ 88,950	\$ -	\$ 88,950	\$ -	\$ -
N Main Street RRFB Installation - Nursery Street & Van Ness Avenue	\$ 75,000	\$ -	\$ 75,000	\$ -	\$ -	\$ -	\$ 75,000
Mountain Ave RRFB Installation - Fair Oaks Avenue	\$ -	\$ 40,000	\$ 40,000	\$ -	\$ -	\$ -	\$ 40,000
A Street - Oak Street to 100' west of 6th Street	\$ -	\$ 155,000	\$ 155,000	\$ 38,750	\$ -	\$ -	\$ 116,250
Subtotal Sidewalk/Pedestrian	\$ 413,950	\$ 195,000	\$ 608,950	\$ 101,250	\$ 88,950	\$ -	\$ 418,750
Bicycle			Project Totals	Storm SDC	Grants	Other	fees & rates
Downtown Super Sharrows	\$ -	\$ 100,000	\$ 100,000	\$ -	\$ -	\$ -	\$ 100,000
Subtotal Bicycle	\$ -	\$ 100,000	\$ 100,000	\$ -	\$ -	\$ -	\$ 100,000
TRANSPORTATION / LID	\$ 4,598,950	\$ 10,432,804	\$ 15,031,754	\$ 1,886,220	\$ 3,344,592	\$ 1,000,000	\$ 8,800,942
Airport	Yr 1	Yr 2	Project Totals		Grants	Other	fees & rates
Pavement Maintenance Program	\$ 20,000	\$ -	\$ 20,000		\$ 20,000	\$ -	\$ -
Entitlement Grant - Airport Improvements - Taxiway Rehabilitation (Environmental)	\$ -	\$ 222,000	\$ 222,000		\$ 222,000	\$ -	\$ -
AIRPORT	\$ 20,000	\$ 222,000	\$ 242,000		\$ 242,000	\$ -	\$ -
Water Supply	Yr 1	Yr 2	Project Totals	Water SDC	Grants	Other	fees & rates
TID Canal Piping: Starlite to Terrace Street	\$ 788,000	\$ 664,000	\$ 1,452,000	\$ 1,452,000	\$ -	\$ -	\$ -
TID Terrace St Pump Station Improvements	\$ 650,000	\$ -	\$ 650,000	\$ -	\$ -	\$ -	\$ 650,000
Reeder Reservoir Access Road TMDL Compliance	\$ 116,000	\$ -	\$ 116,000	\$ 87,000	\$ -	\$ -	\$ 29,000
East & West Fork Transmission Line Rehabilitation	\$ 154,500	\$ 154,500	\$ 309,000	\$ -	\$ -	\$ -	\$ 309,000
Ashland Creek West Fork Bridge Construction	\$ -	\$ 129,000	\$ 129,000	\$ 96,750	\$ -	\$ -	\$ 32,250
Sediment TMDL in Reeder Reservoir	\$ -	\$ 120,000	\$ 120,000	\$ 90,000	\$ -	\$ -	\$ 30,000
Subtotal Water Supply	\$ 1,708,500	\$ 1,067,500	\$ 2,776,000	\$ 1,725,750	\$ -	\$ -	\$ 1,050,250
Water Treatment & Storage	Yr 1	Yr 2	Project Totals	Water SDC	Grants	Other	fees & rates
2.5 MGD Water Treatment Plant	\$ 1,194,000	\$ 13,731,000	\$ 14,925,000	\$ 1,492,500	\$ -	\$ -	\$ 13,432,500
2.6-MG Reservoir & Clearwell ("Crowson II")	\$ 891,000	\$ 7,490,000	\$ 8,381,000	\$ 838,100	\$ -	\$ -	\$ 7,542,900
Permanganate Feed Facility Study & Implementation	\$ 316,000		\$ 316,000	\$ -	\$ -	\$ -	\$ 316,000
Subtotal Treatment & Storage	\$ 2,401,000	\$ 21,221,000	\$ 23,622,000	\$ 2,330,600	\$ -	\$ -	\$ 21,291,400
Water Distribution	Yr 1	Yr 2	Project Totals	Water SDC	Grants	Other	fees & rates
Park Estates Pump Station/Loop Road Reservoir Alternatives	\$ 637,000	\$ 1,967,000	\$ 2,604,000	\$ -	\$ -	\$ -	\$ 2,604,000
Granite Reservoir Valving	\$ 127,000	\$ -	\$ 127,000	\$ -	\$ -	\$ -	\$ 127,000
Radio Read Meter Program	\$ -	\$ 126,000	\$ 126,000	\$ -	\$ -	\$ -	\$ 126,000
Subtotal Water Distribution	\$ 764,000	\$ 2,093,000	\$ 2,857,000	\$ -	\$ -	\$ -	\$ 2,857,000
Water Mainline Projects	Yr 1	Yr 2	Project Totals	Water SDC	Grants	Other	fees & rates
Siskiyou Boulevard - Crowson Road South towards I-5 Exit 11	\$ 175,000	\$ -	\$ 175,000	\$ -	\$ -	\$ -	\$ 175,000
Oak Street - Nevada to Bear Creek Bridge	\$ 273,200	\$ -	\$ 273,200	\$ -	\$ -	\$ -	\$ 273,200
Grandview Drive - Skycress Dr to Ditch Rd	\$ -	\$ 131,250	\$ 131,250	\$ -	\$ -	\$ -	\$ 131,250
Ivy Lane - Morton Street to west end of Ivy Lane	\$ -	\$ 357,000	\$ 357,000	\$ -	\$ -	\$ -	\$ 357,000
Ivy Lane - South Mountain to FH-16AD-038	\$ -	\$ 103,000	\$ 103,000	\$ -	\$ -	\$ -	\$ 103,000
A Street - 1st St to 6th St	\$ -	\$ 155,000	\$ 155,000	\$ -	\$ -	\$ -	\$ 155,000
Parker Street - Walker Ave to Lithia Way	\$ -	\$ 25,000	\$ 25,000	\$ -	\$ -	\$ -	\$ 25,000
Harmony Lane - Siskiyou Blvd to Lithia Way	\$ -	\$ 12,300	\$ 12,300	\$ -	\$ -	\$ -	\$ 12,300
Lit Way - Joy Avenue to Ray Lane	\$ -	\$ 6,200	\$ 6,200	\$ -	\$ -	\$ -	\$ 6,200
Ray Lane - Lithia Way to Joy Ave	\$ -	\$ 6,200	\$ 6,200	\$ -	\$ -	\$ -	\$ 6,200
Subtotal Mainline Projects	\$ 448,200	\$ 795,950	\$ 1,244,150	\$ -	\$ -	\$ -	\$ 1,244,150
WATER	\$ 5,321,700	\$ 25,177,450	\$ 30,499,150	\$ 4,056,350	\$ -	\$ -	\$ 26,442,800

Capital Improvements Plan							
Planned Expenditures During BN 2017-19 Years 1 and 2							
BUDGET							
Project Description	BN 2017-19	BN 2017-19	BN Capital Project Totals	Planned Resources			
WASTEWATER							
Wastewater Treatment Plant	Yr 1	Yr 2	Project Totals	Sewer SDC	Grants	Other	fees & rates
Outfall Relocation / Fish Screen	\$ 330,000	\$ 330,000	\$ 660,000	\$ 99,000	-	-	\$ 561,000
Shading (Capital Cost + first 6 years of O&M)	\$ 631,000	\$ 631,000	\$ 1,262,000	\$ 189,300	-	-	\$ 1,072,700
Oxidation Ditch Shell	\$ 2,510,000	\$ 2,510,000	\$ 5,020,000	\$ 1,957,800	-	-	\$ 3,062,200
RAS Pump Replacement	\$ -	\$ 122,000	\$ 122,000	\$ 24,400	-	-	\$ 97,600
Subtotal Treatment Plant	\$ 3,471,000	\$ 3,593,000	\$ 7,064,000	\$ 2,270,500	\$ -	\$ -	\$ 4,793,500
Wastewater Collection System	Yr 1	Yr 2	Project Totals	Sewer SDC	Grants	Other	fees & rates
Wastewater Line Upsizing - 18" & 24" Parallel Trunkline along Bear Creek	\$ 712,000	\$ 712,000	\$ 1,424,000	\$ 996,800	-	-	\$ 427,200
Wastewater Line Replacement; 15" Main - Mountain Avenue	\$ -	\$ 141,000	\$ 141,000	\$ 35,250	-	-	\$ 105,750
Grandview Pump Station Replacement	\$ 375,000	\$ -	\$ 375,000	\$ -	-	-	\$ 375,000
Wastewater Line Replacement; 15" Main - A Street	\$ 150,000	\$ 450,000	\$ 600,000	\$ 60,000	-	-	\$ 540,000
Subtotal Collection System	\$ 1,237,000	\$ 1,303,000	\$ 2,540,000	\$ 1,092,050	\$ -	\$ -	\$ 1,447,950
WASTEWATER	\$ 4,708,000	\$ 4,896,000	\$ 9,604,000	\$ 3,362,550	\$ -	\$ -	\$ 6,241,450
Storm Drain	Yr 1	Yr 2	Project Totals	Storm SDC	Grants	Other	fees & rates
							\$ -
STORM DRAIN	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ADMINISTRATION - City Facilities	Yr 1	Yr 2	Project Totals		Grants	Other	fees & rates
City Facility Upgrades & Maintenance	\$ 177,500	\$ 177,500	\$ 355,000		\$ -	\$ -	\$ 355,000
ADMINISTRATION - FACILITIES	\$ 177,500	\$ 177,500	\$ 355,000	\$ -	\$ -	\$ -	\$ 355,000
ELECTRIC DEPARTMENT	Yr 1	Yr 2	Project Totals		Grants	Other	fees & rates
Install New Services & Infrastructure: Cost include new transformers, switch cabinets, poles and conductors to service new development	\$ 300,000	\$ 300,000	\$ 600,000				\$ 600,000
Electric Utility Upgrades: Cost for repairs and replacement of aging infrastructure identified during routine inspections	\$ 100,000	\$ 100,000	\$ 200,000				\$ 200,000
SCADA Improvements, Routine Maintenance, Licensing and Upgrades	\$ 7,000	\$ 32,000	\$ 39,000				\$ 39,000
MAS Design Review and Purchase Study: feasibility for City ownership, valuation of substation, and ROI	\$ 55,000		\$ 55,000				\$ 55,000
New Distribution Buss at Ashland Substation	\$ -	\$ -	\$ -				\$ -
Purchase of Mountain Ave Substation	\$ -	\$ -	\$ -				\$ -
Mountain Ave and Ashland Substation Interite Engineering Study and Benefit Analysis	\$ -	\$ 75,000	\$ 75,000				\$ 75,000
ELECTRIC	\$ 462,000	\$ 507,000	\$ 969,000	\$ -	\$ -	\$ -	\$ 969,000
TELECOMMUNICATIONS & INFO TECH	Yr 1	Yr 2	Project Totals		Grants	Other	fees & rates
Expand Fiber Plant from 16 to 24 Node Groups	\$ 50,000	\$ 50,000	\$ 100,000				\$ 100,000
Fiber and Cable Plant Maintenance	\$ 5,000	\$ 5,000	\$ 10,000				\$ 10,000
Fiber and Cable Plant Installation	\$ 20,000	\$ 20,000	\$ 40,000				\$ 40,000
Data Center Server Capacity Growth (Virtualization)	\$ 22,500	\$ 20,000	\$ 42,500				\$ 42,500
TELECOMMUNICATIONS	\$ 97,500	\$ 95,000	\$ 192,500	\$ -	\$ -	\$ 42,500	\$ 150,000
PARKS & RECREATION	Yr 1	Yr 2	Project Totals	Parks SDC	Grants	F&B	Bonds
Repair Perozzi Fountain	\$ -	\$ 70,000	\$ 70,000			\$ 70,000	
Daniel Meyer Pool - Rebuild and Cover	\$ 3,250,000	\$ -	\$ 3,250,000				\$ 3,250,000
North Mountain Park Nature Play Area	\$ 15,000	\$ 150,000	\$ 165,000	\$ 150,000	\$ 15,000		
Calle Guanajuato Improvements (Bond Repayment)	\$ 40,000	\$ 40,000	\$ 80,000			\$ 80,000	
Ashland Creek Park Development Phase II construction	\$ -	\$ 35,000	\$ 35,000			\$ 35,000	
Garfield Park Water Play Replacement (Bond Repayment)	\$ 100,000	\$ 100,000	\$ 200,000			\$ 200,000	
Resurface/Reclaim Tennis and Pickleball Courts	\$ 27,500	\$ 27,500	\$ 55,000			\$ 55,000	
Lithia Park Master Plan	\$ 230,000	\$ -	\$ 230,000			\$ 230,000	
Winburn Way Sidewalk	\$ 25,000	\$ -	\$ 25,000			\$ 25,000	
Second Dog Park Construction	\$ 265,000	\$ -	\$ 265,000			\$ 265,000	
YMCA Park Replacement	\$ 750,000	\$ -	\$ 750,000	\$ 750,000			
Master Plan for Park Shop/yard areas; Dog parks; Skateboard Park	\$ -	\$ 75,000	\$ 75,000			\$ 75,000	
Oak Knoll Improvements (Irrigation)	\$ 35,000	\$ 35,000	\$ 70,000			\$ 70,000	
Trails and Open Space Comp Plan Update	\$ 30,000	\$ -	\$ 30,000			\$ 30,000	
Restoration of Beach Creek below Pedestrian Bridge	\$ 75,000	\$ -	\$ 75,000			\$ 75,000	
Land Acquisition	\$ 915,000	\$ 900,000	\$ 1,815,000	\$ 375,000	\$ 1,275,000	\$ 165,000	\$ -
Project Manager	\$ 60,000	\$ 60,000	\$ 120,000			\$ 120,000	
PARKS & RECREATION	\$ 5,817,500	\$ 1,492,500	\$ 7,310,000	\$ 375,000	\$ 2,175,000	\$ 1,510,000	\$ 3,250,000
TOTAL BN 2017-19 CIP	\$ 21,203,150	\$ 42,900,254	\$ 64,103,404	\$ 9,680,120	\$ 5,761,592	\$ 2,552,500	\$ 46,109,192

NEW INFORMATION

These section will be used to provide information that relates to the next budget cycle. This would be the location of major budget assumptions.

For BN 2017/19 it would be as follows:

The BN 2017/19 Budget is being built with the following guidelines:

- Personal Services – In general - no new positions
- Material & Services – Target 0% increase
- Capital Outlay – Prioritize with revenue sources identified

Personal Services:

The guidelines for the budget development is that no new positions should be added. Departments will need to identify potential revenue sources, or expenditure reductions, to fund any potential new personnel.

PERS Increases: The City of Ashland is similar to other Oregon communities facing raising retirement costs. We currently estimate the retirement contributions for the City will increase \$2.2 million, \$1.76 million is due to rate increases on state-wide existing benefit liability. The remaining (and much smaller) portion of the increase of \$450,000 is directly attributable to the City's employee based benefits.

The City's Health Benefit is a self-funded plan. That means that the City pays all claims itself. The Health Benefit Fund was setup four years ago to help offset potential private insurance rate increases. The cost of running a self-funded plan is becoming a larger burden on the City. The budget will propose a "loan forgiveness" to help build a reserve. In prior years, a \$525,000 loan was made in order to meet the expenses; and in each subsequent year that the loan was budgeted to be repaid, the fund balance was not sufficient to make the repayment and still meet current expenses without requiring another loan going forward. We anticipate that the health benefit increase over 15%.

Salary projections are based on negotiated contract agreements for union employees, and 2% increases for non-union employees.

Materials & Services:

To ensure a balanced budget, the BN 2017/19 budget guidelines are for a 0% increase in Materials and Services. Some cost increases are unavoidable and will be identify once the budget is developed.

Internal Service Charges:

The City has several funds that are funded through Internal Service charges. These include Central Services, Equipment Replacement, Facilities, Insurance Fund, and the Health Benefit.

The constraints on the General Fund necessitate the need for a \$1.7 million transfer from the Facilities Fund to not increase General Fund Internal Service Charges. The City plans to also budget for a Cost Allocation Plan to ensure proper allocation of Central Service Fund expenditures for future budgets.

Capital Outlay: All capital projects coming forward through the budget process require an identified funding source. The Capital projects, and funding sources, will be discussed during the adoption process.

Budget Document: Changes will be forthcoming on the format of the budget document. Part of our goal to clarify the overall budget process began with modifications to the document that we hope will highlight the essence of the budget and re-enforce its purpose as an essential working document for the budget committee, citizens of Ashland, and staff.

Staff Presentations: A standard presentation template is being used to present departmental information in an effort to provide clear, concise and pertinent data; brief(er) presentations; and allow sufficient time for budget committee questions and public hearings to be completed within the three scheduled public meetings.

Administration: John Karns
Administrative Services: Mark Welch
Police: Tighe O'Meara
Fire: David Shepard
Public Works: Paula Brown
Community Development: Bill Molnar
Electric: Tom McBartlett
IT: Dan Hendrix
AFN: Donald Kewely

Major New Initiative to be included in the budget:

- Climate and Energy Action Plan
- Downtown Strategic Parking Management Plan
- Management Transitions
- Additional Police Officers
- Affordable Housing
- Build the Reserve Fund

Personnel Reductions:

Services Reduced or Eliminated:

MAJOR FINANCIAL CHALLENGES

This section will address major financial challenges heading into the next budget cycle.

BUDGET CALENDAR

Meeting Number	Month	Topic
0	July	Budget Process Review
1	September	8th Quarter/Last BN Budget Review
2	January	2nd Quarter Financial Report
3	February	First 6 Month CIP Update
4	March	New Budget Book Layout Review and Development
5	May	Council Strategic Plan Goals (Presentation of the Strategic Plan Goals/Objectives)
6	June/July	First Year Review
7	June/July	Second Year Look Ahead
8	October	Cost Allocation Plan/CIP Update/6 Year CIP
9	December	Long Range Financial Plan and 6th Quarter Preliminary Review
January/February		Budget Kickoff/Social Gathering
February		Department Presentation
March/April/May		Budget Season

LEGAL FRAMEWORK

Below is a series of questions and responses prompted by discussions among budget committee members in the first half of 2017 and among members of the Budget Process Ad Hoc Committee in the second half of 2017.

1. What are the purposes of Oregon's Local Budget Law?

Response:

- To establish standard procedures for the preparation, presentation, administration and appraisal of budgets of municipal corporations. ORS 294.321 (1).
- To provide for a brief description of the programs of a municipal corporation and the fiscal policy which is to accomplish these programs. ORS 294.321(2).
- To provide for estimation of revenues, expenditures and proposed taxes. ORS 294.321(3).
- To provide specific methods for obtaining public views in the preparation of fiscal policy. ORS 294.321(4).
- To provide for the control of revenues and expenditure for the promotion of efficiency and economy in the expenditure of public funds. ORS 294.321(5).
- To enable the public, taxpayers and investors to be apprised of the financial policies and administration of the municipal corporation in which they are interested. ORS 294.321(6).

2. Which budget-related tasks and powers are assigned to the budget committee?

Responses:

- a. Explicit assignments and authority
 - i. Electing a chair and other officers, receiving the budget message, hearing patrons, setting dates for future meetings, and adopting rules of order. *Local Budgeting in Oregon*, p. 10
 - ii. Holding at least one public meeting on the budget presented by the Budget Officer and taking public comments on it. ORS 294.428.
 - iii. Asking questions of staff and requesting additional information the budget committee "requires for the revision and preparation of the budget document." ORS 294.428(3).
 - iv. Compelling the attendance of any City officer or employee at budget committee meetings. *Id.*
 - v. Reducing or increasing estimates of resource and requirements in the budget presented by the Budget Officer. *Local Budgeting Manual*, p. 45.
 - vi. Adding or deleting funding for specific services. *Local Budgeting in Oregon*, p. 11.
 - vii. Approving the budget presented by the Budget Officer, with additions or deletions. *Local Budgeting Manual*, p. 15.
- b. Implicit assignments and authority

- i. “The budget committee is a local government’s fiscal planning advisory committee.” *Local Budgeting Manual*, p. 44. It is the “fiscal planning board of a local government.” *Local Budgeting in Oregon*, p. 13.
- ii. Individual budget committee members may ask questions of staff between committee meetings. *Local Budgeting in Oregon*, p. 11.
- iii. The two-year portion of the Capital Improvements Plan included in the budget document is one of the elements of the budget the budget committee approves and forwards to the Council for consideration and final decision-making.
- c. Explicit or implicit proscriptions
 - i. The budget committee may not take any action without an affirmative vote of a majority of the total budget committee membership (a majority of those voting does not suffice). *Local Budgeting in Oregon*, p. 11; OAR 150-294-0450.
 - ii. “Generally, the budget committee’s role is not to directly establish or eliminate specific programs or services.” *Local Budgeting in Oregon*, p. 11.
 - iii. “Budget committee influence on programs and services is most often exerted at a higher level, when it approves the overall budget and establishes the tax levy.” *Id.*
 - iv. “The budget committee does not approve new personnel, employee contracts or salary schedules, nor does it negotiate salary contracts.” *Id.*
 - v. “Committee members may not discuss or deliberate on the budget outside of a public meeting.” *Local Budget Manual*, p. 45.
 - vi. The budget committee may not “discuss specifics of the ensuing year’s budget at... Informal meetings until the notice requirements of the first budget committee meeting have been satisfied.” *Id.*
 - vii. Requests to staff for information beyond that required for revision and preparation of the budget document are inappropriate. ORS 294.428(3). See #6 below.

3. Which budget-related tasks and powers are assigned exclusively to the City Council?

Responses:

- a. Explicit assignments and authority
 - i. Final decision-making on all City policies and the use of City resources. AMC 2.10.090. The Council is the authorized City policy-making body, elected to establish the overall direction and priorities for City government, and is the body solely subject to voter disapproval if unacceptable decisions are made and subject to potential legal action for breach of fiduciary duty.
 - ii. Appointing the Budget Officer. ORS 294.331.
 - iii. Establishing “standards and budget parameters” to be given to the Budget Officer to serve as “guidelines for budget development.” *Local Budgeting in Oregon*, p. 11.
 - iv. Setting meeting agendas:
 - 1. Set by Budget Officer, who is under the City’s Executive Officer. ORS 294.331.
 - v. Adoption of final budget, after public hearing and deliberation on the budget document approved by the budget committee. ORS 294.453-.456.
 - vi. Adoption of a supplemental budget in certain circumstances. ORS 294.471-.473.

- vii. Transferring appropriations between funds when authorized by ordinance or making interfund loans. ORS 294.463 and .468.
- b. Implicit assignments and authority
 - i. Any duties or authority not expressly assigned to the budget committee.
 - ii. Deciding whether to invite appointed budget committee members to participate in the Council's budget hearing. *Local Budgeting Manual*, p. 55.
 - iii. Deciding whether to reconvene the budget committee in the Off-Season. *Id.* at p. 45.
 - iv. Establishing the 6-year Capital Improvement Plan

4. What is the role of the Budget Officer and staff?

Responses:

- a. The budget officer, or the person or department designated by charter and acting as budget officer, shall prepare or supervise the preparation of the budget document. The budget officer shall act under the direction of the executive officer of the municipal corporation, or where no executive officer exists, under the direction of the governing body. ORS 294.331.
- b. Preparation of the budget document consistent with the requirements and definitions of ORS 294.333-398.
- c. Submittal of the budget message, which, according to ORS 294.321, must:
 - a. Explain the budget document;
 - b. (Contain a brief description of the proposed financial policies of the municipal corporation for the ensuing year or ensuing budget period;
 - c. Describe in connection with the financial policies of the municipal corporation, the important features of the budget document;
 - d. Set forth the reason for salient changes from the previous year or budget period in appropriation and revenue items;
 - e. Explain the major changes in financial policy; and
 - f. Set forth any change contemplated in the municipal corporation's basis of accounting and explain the reasons for the change and the effect of the change on the operations of the municipal corporation.

5. Do budget committee members have a legally enforceable obligation to act in the best interests of Ashland citizens (fiduciary duty)?

Response: No

Points and Authorities:

- a. Budget committee members are to *approve* a budget (recommend a budget to the City Council), which the City Council can then *adopt* with or without revisions. It is therefore only the City Council members who make final decisions and who conceivably could be held liable for improper expenditures authorized in an adopted budget.

6. Do individual budget committee members have unlimited authority to compel production of information?

Response: No

Points and Authorities:

- a. The budget committee may not take any action without an affirmative vote of at least eight members (a majority of those voting does not suffice). *Local Budgeting in Oregon*, p. 11; OAR 150-294-0450.
- b. Information the budget committee “requires for the revision and preparation of the budget document” are appropriate (ORS 294.428(3)), and the public hearing on the budget is to afford “an opportunity to ask questions about and comment on the budget document (ORS 294.426(1)(b)) [Emphasis added]. Questions or comments on topics other than the budget document could be ruled out of order for lack of relevance.
- c. Individual budget committee members may ask questions of staff between committee meetings.
 - i. “It could be very helpful and a courtesy to other budget committee members if inquiries are not restricted to committee meetings. Checking with the administrator and/or budget officer between meetings allows members to explore budget items of interest in greater detail than might be practical during committee meetings. Questioning also assists the administration/budget officer by giving an indication of concerns, making it possible to highlight issues that may be of interest to the entire budget committee.” *Local budgeting in Oregon*, P. 11.

7. Must the budget document’s estimates of expenditures for personal services include classification, salary and FTE for each position?

Response: No

Points and Authorities:

- a. “Estimates of expenditures for personnel services must include for each organizational unit or activity the total budgeted cost of all officers and employees and the number of related full-time equivalent positions. Upon request, a municipal corporation shall make available the current salary of each officer and employee, other than persons who receive an hourly wage or who are hired on a part-time basis. For the purpose of preparing a list of salaries, employees of like classification and salary range may be listed by the number of employees, the highest and lowest salaries and the total amount of all salaries, in each salary range.” ORS 294.388(5) [Emphasis added].

8. Does Oregon’s Local Budget Law assign to the budget committee any duties or powers to take official actions during the 20 to 21 month period between City Council adoption of one biennium’s budget and the budget committee’s first meeting on the budget document for the ensuing biennium (“Off-Season”)?

Response: No.

Points and Authorities:

- a. Oregon statutes ascribe roles to the budget committee solely for the 3 to 4 month period between the budget committee's first meeting on the budget document for the upcoming biennium and City Council adoption of the budget for that biennium ("Budgeting Season"): "Once the budget committee has approved the budget, it has completed all of the duties required of it by Local Budget Law." *Local Budgeting Manual*, p. 46.
- b. Only the Council has statutory authority to take official actions in the Off-Season with respect to the budget (such as, adoption of a supplemental budget, transfers of appropriations, or post-budget-adoption local option taxes) ORS 294.463-.476. The budget committee is not mentioned in these statutory provisions concerning Off-Season official budgetary actions.
- c. "[S]ome local governments have a policy of including the budget committee in other parts of the process, such as adopting a supplemental budget. These are local policy decisions that are up to the discretion of the governing body." *Local Budgeting Manual*, p. 46.
- d. Only the Council has the authority to convene an Off-Season budget committee meeting and determine its purpose: *Local Budgeting Manual* says at page 45, "The budget committee may meet from time to time throughout the year at the governing body's discretion for purposes such as training; "*Local Budgeting in Oregon*, at page 11, says "The budget committee may be reconvened by the governing body at a later date [after budget adoption] in the event the financial conditions in the district change. A meeting for this reason is called at the discretion of the governing body and is not a requirement of the local budget law." (Emphasis added in each excerpt)
- e. *Local Budgeting Manual* addresses Off-Season meeting topics: (1) At page 15, it says, "The budget committee is allowed to meet for training and advisory reviews throughout the year, but the budget may not be deliberated before the first meeting for which notice is published." At page 45, the *Manual* says, "Take care not to discuss specifics of the ensuing year's budget at these informal meetings until the notice requirements of the first budget committee meeting have been satisfied."

9. During Off-Season, may a quorum of the budget committee members meet and discuss budget matters?

Response: Yes, as long as the gathering is a properly noticed public meeting convened by the Council and as long as the discussion is not about the specifics of the budget for the ensuing biennium. See #14 below.

Points and Authorities:

- a. The Council has exclusive authority to convene an Off-Season budget committee meeting. See #8.b., c. and d. above.

- b. The meeting may not be about the specifics of the budget for the ensuing biennium. See #8.e. above

10. During Off-Season, may the person who chaired the budget committee during the preceding Budgeting Season convene a budget committee meeting?

Response: No, because the Council has exclusive authority to convene a budget committee meeting during the Off-Season.

Points and Authorities:

- a. The Council has exclusive authority to convene an Off-Season budget committee meeting. See #8.b., c. and d. above.
- b. Because the budget committee has no capacity to take any official action in the Off-Season (see #8.a. and b. above), the chair of the budget committee has no authority to take any official action.
- c. Oregon statutes direct that selection of a budget committee chair is to occur at the first meeting of the budget committee for any particular Budgeting Season, which can only occur when it first receives the budget document for the ensuing biennium. ORS 294.414(9) and 294.426(1)(a). As there is no statutory provision governing Off-Season replacement of a budget committee chair who has resigned or whose term has lapsed during the Off-Season, those statutory provisions suggest that chairmanship of the budget committee for any particular Budget Season terminates once that season is over.
- d. ORS 294.428(1) says, “In addition to the meetings held under ORS 294.426(1) [which prescribes the requirements for meetings held for receiving the budget and providing opportunities for public questions and comments on the budget document], the budget committee may meet from time to time at its discretion.” This is in a section titled “Budget Committee Hearings; Approval of the Budget Document.” That section addresses only meetings concerning approval of the budget document; it is not a grant of general discretion to the budget committee to convene meetings at any time. If it were a grant of general discretion to convene meetings, there would be no need for the strictures in ORS 294.426 or the statements in the Local Budgeting Manual and Local Budgeting in Oregon that meetings of the budget committee in the Off-Season are at the discretion of the governing body. See #8.c. and d. above

11. During Budgeting Season, may the appointed budget committee members meet on their own for the purpose of discussing the budget?

Response: No.

Points and Authorities:

- a. “The budget committee members cannot get together in person, by telephone, or email before the advertised meeting to discuss the budget. All budget discussions must be held at public meetings.” *Local Budgeting in Oregon*, p. 2.
- b. “Committee members may not discuss or deliberate on the budget outside of a public meeting.” *Local Budgeting Manual*, p. 45. “

- c. "A gathering of less than a quorum of the committee, subcommittee, advisory group or other governing body is not a 'meeting' under the Public Meetings Law. However, while a gathering of less than a quorum is not a 'meeting,' members of the governing body should not gather as a group or groups composed of less than a quorum for the purpose of conducting business outside the Public Meetings Law. Such a gathering creates the appearance of impropriety, and runs contrary to the policy of the Public Meetings Law, which supports keeping the public informed of the deliberations of governing bodies." *Oregon Attorney General's Public Meetings Manual*, p. 304.
- d. If those gathering at such a meeting were to constitute a quorum of the budget committee, the meeting would have to be open to the public. ORS 294.428(2). But since the 7 appointed budget committee members would not constitute a quorum, the only allowable official action at such a gathering would be approval of a motion to adjourn.

12. During Off-Season, may less than a quorum of the budget committee gather on their own for the purpose of discussing budget matters (other than budget specifics for the budget for the ensuing biennium)?

Responses: (1) Yes, if the less-than-a-quorum members of the budget committee constitute a public body (for example, the group is the Council itself or has been appointed by the Council to be a subcommittee or separate advisory group) and the gathering meets public meeting requirements, including public notice; (2) No, if the purpose is to discuss specifics of the budget for the ensuing biennium; but otherwise such gathering of less than a quorum of budget committee members is permissible.

Points and Authorities for Response #2 to Question 12:

- a. While the Oregon Attorney General generally advises against such gatherings (see 11.b. above), the policy of keeping the public informed of the deliberations of governing bodies would not be violated by a gathering of less-than-a-quorum of public body that has no authority or power in the Off-Season to take any official action. Analogy: The Ashland Building Board of Appeals exists to comply with state statute and is activated only when official action is called for. During the time this board is deactivated status (has no duties to perform), no one could reasonably perceive discussions of less than a quorum of its members as deliberations of a public body.
- b. "Committee members may not discuss or deliberate on the budget outside of a public meeting." *Local Budgeting Manual*, p. 45. It is debatable whether this proscription applies even to Off-Season discussions: Such a discussion among less than a quorum of budget committee members in Off-Season surely would be a protected exercise of the First Amendment freedom of association, unless it strayed into deliberations on specifics of the ensuing biennium's budget document not yet formulated by staff.

13. During either Budget Committee Season or the Off-Season, at meetings of the City Council, are Councilmembers limited as to budget issues that can be discussed? (More pointedly, do the

(limitations on less-than-a-quorum budget committee members' budget discussions, as described in Questions 9 and 12 above, also apply to the elected budget committee members, that is to Council members?)

Response: No.

Points and Authorities:

- a. "Standards and budget parameters established by the governing body give the budget officer and administrative staff general guidelines for budget development." *Local Budgeting in Oregon*, p. 11. The budget officer needs to know what policy initiatives having fiscal impacts the Council is likely to undertake in the next biennium – which can only be determined after Council discussion of priorities among potential initiatives.
- b. The budget committee has no statutory or Charter-established role in formulation of the budget or in overseeing adherence to it or revisions to it after its initial adoption. See 1.a.–e. above. Councilmembers, in contrast, would be derelict if they did not oversee adherence to the current biennium's budget or if they stopped developing policies and setting priorities until the ensuing biennium's budget has been prepared and submitted.

14. What topics of discussion are appropriate for budget committee discussion during the Off-Season?

Responses:

- a. Appropriate topics (per Oregon Department of Revenue)
 - i. Training on the budget committee process, calendar, expectations for committee members, etc.
 - ii. Committee members' preferences for ground rules, rules of order, conduct of meetings, voting/reaching consensus, fact-finding process, etc.
 - iii. Orientation on the organization and its various departments, programs, staffing, etc., and on the activities or services provided by each.
 - iv. General discussion of vision and goals, spending priorities, or philosophy on how to allocate scarce resources or make trade-off decisions as to which programs get funded and which don't.
 - v. General economic projections by the finance officer of possible changes in resources or requirements expected next year.
 - vi. Any and all discussion of the current year budget or prior year budget, including what, in general, might be done differently next year.
- b. Inappropriate topics (per Oregon Department of Revenue)
 - i. Specific estimates or appropriation amounts associated with any fund or line item, resource or requirements.
 - ii. The question of whether to fund specific programs or expenditures.
 - iii. The question of whether to impose any tax levy, or the amount of any levy.

15. For purposes of having common vocabulary for discussing the role of the budget committee, what would be a clear working definition of "Budget Committee Season"?

Response: “Budget Committee Season” means the period of time when the budget committee has authority under state law to take official action. This period begins at the first meeting of the budget committee, which can only occur when the committee sitting en banc first receives from the Budget Officer the budget document for the ensuing biennium -- typically in April or May of the second year of any biennium - and the date the City Council adopts the final budget for that biennium. Between one Budget Committee Season and the next (“Off-Season”), only the City Council has statutory authority to take official actions with respect to the budget or to convene the budget committee for any purpose.

Points and Authorities:

- a. See #8.a, b., and d. above

16. For purposes of having common vocabulary for discussing the role of the budget committee, what would be a clear working definition of “a public meeting of the Budget Committee”?

Response: “A Public meeting of the Budget Committee” means a gathering of a quorum of the budget committee membership at which discussion of City budget matters is intended to or is likely to occur.

Points and Authorities:

- a. “The Public Meetings Law applies to all meetings of a quorum of a governing body for which a quorum is required in order to make a decision or to deliberate towards a decision on any matter.” *Oregon Attorney General’s Public Meetings Manual*, p.122.
- b. “The purpose of the meeting triggers the requirements of the law....[A] purpose to deliberate on any matter of official policy or administration may arise [even] *during* a social gathering and lead to a violation. Members constituting a quorum must avoid any discussions of official business during such a gathering.” *Id.*, at 123 (italics in original)
- c. “Even if a meeting is for the sole purpose of gathering information to serve as the basis for a subsequent decision or recommendation by the governing body, the meetings law will apply.” 38 Op Atty Gen 1471, 1474 (1977); *Oregonian Publishing Co. v. Board of Parole*, 95 Or. App 501, 506 (1989).
- d. See also Questions 11 and 12 above.

17. For purposes of providing budget committee members relevant information and having commonly understood procedures, what would be a clear protocol for individual budget committee members to utilize in seeking from staff information related to the City Budget?

Responses:

- a. Rationale for adopting such a protocol:
 - i. Minimization of misunderstandings.
 - ii. “It could be very helpful and a courtesy to other budget committee members if inquiries are not restricted to committee meetings. Checking with the administrator and/or budget officer between meetings allows members to explore budget items of interest in greater detail than might be practical during committee meetings. Questioning also

assists the administration/ budget officer by giving an indication of concerns, making it possible to highlight issues that may be of interest to the entire budget committee.”
Local Budgeting in Oregon, p. 11.

- b. Requests for information during Budget Committee Season:
 - i. Scope of topics: Information required for revision and preparation of the budget document. ORS 294.428(3).
 - ii. Sequence
 - 1. Budget committee member makes written request to Budget Officer/Department Director for information within the scope of topics described in b.i above.
 - 2. Budget Officer/Department Director notifies City Administrator of request.
 - 3. Budget Officer/Department Director and City Administrator preliminarily determine (1) whether scope is appropriate and (2) whether response will require less than 2 hours of staff time.
 - a. If both preliminary determinations are affirmative, Budget Officer/Department Director arranges to have response prepared and delivered to requester and the other budget committee members.
 - b. If either of the two preliminary determinations is negative, City Administrator notifies Chair, asking for a decision on whether to comply with request. Then ...
 - i. If decision can wait until upcoming meeting of Budget Committee, Chair should include it on the agenda for the upcoming meeting and the determination should be made by majority vote of the Budget Committee; or
 - ii. If decision cannot wait until upcoming meeting of Budget Committee, Chair should make the determination on whether to comply with request.
- c. Requests for information during Off-Season:
 - i. Scope of topics:
 - 1. Topics related to fiscal planning, excluding any specifics about the ensuing biennium budget.
 - 2. See #14 above.
 - ii. Sequence
 - 1. Budget committee member makes written request to City Administrator for information within the scope of topics described in c.i above.
 - 2. City Administrator preliminarily determines (1) whether scope is appropriate and (2) whether, in light of other current priorities, responding to request warrants required staff time.
 - a. If both preliminary determinations are affirmative, City Administrator arranges to have response prepared and delivered to requester and sent to the other budget committee members.
 - b. If either of the two preliminary determinations is negative, City Administrator notifies Mayor, asking for a decision on whether to comply with request. Then ...
 - i. If decision can wait until upcoming meeting of City Council, Mayor should include it on the agenda for the upcoming meeting and the determination should be made by majority vote of the City Council.
 - ii. If decision cannot wait until upcoming meeting of City Council, Mayor should make the determination on whether to comply with request

DEFINITIONS

Accrual basis. Method of accounting recognizing transactions when they occur without regard to cash flow timing [ORS 294.311(1)].

Activity. That portion of the work of an organizational unit relating to a specific function or class of functions, a project or program, a subproject or subprogram, or any convenient division of these [ORS 294.311(2)].

Adopted budget. Financial plan that is the basis for appropriations. Adopted by the governing body (ORS 294.456, renumbered from 294.435).

Ad valorem tax. A property tax computed as a percentage of the assessed value of taxable property.

Agent. Generally, someone who is authorized to act for the local government, or who can make commitments or sign contracts in the name of the local government. Agency is the fiduciary relationship that arises when one person (a ‘principal’) manifests assent to another person (an ‘agent’) that the agent shall act on the principal’s behalf and subject to the principal’s control, and the agent manifests assent or otherwise consents so to act.

Appropriation. Authorization for spending a specific amount of money for a specific purpose during a fiscal year. It is based on the adopted budget, including supplemental budgets, if any. It is presented in a resolution or ordinance adopted by the governing body [ORS 294.311(3)].

Approved budget. The budget that has been approved by the budget committee. The data from the approved budget is published in the Financial Summary before the budget hearing (ORS 294.428, renumbered from 294.406).

Assessed value. The value set on real and personal property as a basis for imposing taxes. It is the lesser of the property’s maximum assessed value or real market value.

Assessment date. The date on which the value of property is set, January 1 (ORS 308.210, 308.250).

Audit. The annual review and appraisal of a municipal corporation’s accounts and fiscal affairs conducted by an accountant under contract or the Secretary of State (ORS 297.425).

Audit report. A report in a form prescribed by the Secretary of State made by an auditor expressing an opinion about the propriety of a local government’s financial statements, and compliance with requirements, orders and regulations.

Balanced budget. A budget in which the resources equal the requirements in every fund.

Bequest. A gift by will of personal property; a legacy. Biennial budget. A budget for a 24-month period. Billing rate. The tax rate used to compute ad valorem taxes for each property.

Budget. Written report showing the local government’s comprehensive financial plan for one fiscal year. It must include a balanced statement of actual revenues and expenditures during each of the last two years, and estimated revenues and expenditures for the current and upcoming year [ORS 294.311(5)].

Budget committee. Fiscal planning board of a local government, consisting of the governing body plus an equal number of legal voters appointed from the district (ORS 294.414, renumbered from 294.336).

Budget message. Written explanation of the budget and the local government's financial priorities. It is prepared and presented by the executive officer or chairperson of the governing body (ORS 294.403, renumbered from 294.391).

Budget officer. Person appointed by the governing body to assemble budget material and information and to physically prepare the proposed budget (ORS 294.331).

Budget period. For local governments on a biennial budget, the 24-month period beginning July 1 and ending June 30 of the second following calendar year. See also "Fiscal year."

Budget transfers. Amounts moved from one fund to finance activities in another fund. They are shown as expenditures in the originating fund and revenues in the receiving fund.

Capital outlay. Items which generally have a useful life of one or more years, such as machinery, land, furniture, equipment, or buildings [ORS 294.388(4), renumbered from 294.352(4)].

Capital projects fund. A fund used to account for resources, such as bond sale proceeds, to be used for major capital item purchase or construction [OAR 150-294.352(1)].

Cash basis. System of accounting under which revenues are accounted for only when received in cash, and expenditures are accounted for only when paid [ORS 294.311(9)].

Category of limitation. The three categories in which taxes on property are placed before the constitutional limits can be tested—education, general government, excluded from limitation (ORS 310.150).

Consolidated billing tax rate. The combined total of the billing rates for all taxing Districts in a code area. Does not include the billing rate for any urban renewal special levies or non-ad valorem taxes, fees, or other charges.

Constitutional limits. The maximum amount of tax on property that can be collected from an individual property in each category of limitation (Art. XI, sect. 11b, OR Const.).

Debt service fund. A fund established to account for payment of general long-term debt principal and interest [OAR 150-294.352(1)].

Devise. A of real property by will of the donor of real property.

Division of tax. Division of tax refers to the process of, and revenue from, apportioning tax to urban renewal agencies based on the relationship of the excess to frozen value, also known as tax increment revenue.

Double majority. A term that refers to an election where at least 50 percent of the registered voters eligible to vote in the election cast a ballot and more than 50 percent voting approve the question.

Encumbrance. An obligation chargeable to an appropriation and for which part of the appropriation is reserved [ORS 294.311(13)].

Enterprise fund. A fund established to account for operations that are financed and operated in a manner similar to private business enterprises. They are usually self-supporting. Examples of enterprise funds are those for water, gas, and electric utilities, swimming pools, airports, parking garages, transit systems, and ports [OAR 150-294.352(1)-(A)].

Estimate. (v) To arrive at a rough calculation or an opinion formed from imperfect data. (n) The resulting amount.

Excluded from limitation category. The category for taxes used to pay principal and interest on exempt bonded indebtedness [ORS 310.150(3)(D)].

Exempt bonded indebtedness. 1) Bonded indebtedness authorized by a specific provision of the Oregon Constitution, or 2) bonded indebtedness issued as a general obligation on or before November 6, 1990, incurred for capital construction or capital improvements, or 3) bonded indebtedness issued as a general obligation after November 6, 1990, incurred for capital construction or capital improvements with the approval of the electors of the local government. Bonded indebtedness issued to refund or refinance any bonded indebtedness described above is also included [ORS 310.140(7)].

Existing urban renewal plan. An existing urban renewal plan is defined as a plan that existed in December 1996, and, 1) chose an option and, 2) established a maximum amount of indebtedness by July 1998 and has not been amended to increase the land area or maximum indebtedness [ORS 457.010(4)(a)].

Expenditures. Total amount incurred if accounts are kept on an accrual basis; total amount paid if accounts are kept on a cash basis [ORS 294.311(16)].

Fiscal year. A 12-month period to which the annual operating budget applies. The fiscal year is July 1 through June 30 for local governments [ORS 294.311(17)].

Fund. A fiscal and accounting entity with self-balancing accounts to record cash and other financial resources, related liabilities, balances and changes, all segregated for specific, regulated activities and objectives.

Fund balance. The fund equity of government funds.

Fund type. One of nine fund types: General, special revenue, debt service, capital projects, special assessment, enterprise, internal service, trust and agency, and reserve [OAR 150-294.352(1)-(A)].

General fund. A fund used to account for most fiscal activities except for those activities required to be accounted for in another fund [OAR 150-294.352(1)-(A)].

General government category. The category for taxes used to support general government operations other than schools that are not for the purposes of paying exempt bonded indebtedness [ORS 310.150(2)].

Good Faith. The standard for estimating budget re-sources and requirements. Good faith estimates are reasonable and are reasonably likely to prove accurate, based on the known facts at the time.

Governing body. County court, board of commissioners, city council, school board, board of trustees, board of directors, or other managing board of a local government unit [ORS 294.311(20)].

Grant. A donation or contribution of cash to a governmental unit by a third party which may be made to support a specified purpose or function, or general purpose [ORS 294.311(21)].

Interfund loans. Loans made by one fund to another and authorized by resolution or ordinance (ORS 294.468, renumbered from 294.460).

Internal service fund. A fund used to account for fiscal activities when goods or services are provided by one department or agency to other departments or agencies on a cost-reimbursement basis (ORS 294.343, renumbered from 294.470).

Legal opinion. The opinion as to legality rendered by an authorized official, such as the Oregon attorney general or city attorney.

Levy. (v) To impose a property tax. (n) Ad valorem tax certified by a local government.

Local government. Any city, county, port, school district, education service district, community college, special district, public or quasi-public corporation (including a municipal utility or dock commission) operated by a separate board or commission; a municipality or municipal corporation under ORS 294.311(26).

Local option tax. Voter-approved taxing authority that is in addition to the taxes generated by the permanent tax rate. Local option taxes can be for general operations, a specific purpose or capital projects. It is limited to five years unless it is for a capital project, then it is limited to the useful life of the project or 10 years, whichever is less [Art. XI, section 11(4)].

Maximum assessed value (MAV). A constitutional limitation on the taxable value of real or personal property. It can increase a maximum of 3 percent each year. The 3 percent limit may be exceeded if there are qualifying improvements made to the property, such as a major addition or new construction (OAR 308.146).

Maximum authority. The limitation on the amount of revenue an existing urban renewal plan may raise from the property tax system [ORS 457.435(3)]. The assessor calculated this amount for the 1997-98 tax year for each existing plan based on the taxes each urban renewal plan area would have been entitled to prior to Measure 50. This amount is adjusted each year based on the growth of excess value in the plan area.

Maximum indebtedness. The amount of the principal of the indebtedness necessary to complete an urban renewal plan. This does not include indebtedness incurred to refund or refinance existing indebtedness [ORS 457.010(10)]. It is specified in dollars and cents and based on good faith estimates of the scope and costs of the anticipated project or projects. All existing plans are required to have an ordinance which establishes a maximum indebtedness.

Measure 5. A constitutional amendment (Art. XI, section 11b) passed in 1990 that limits the amount of operating tax that can be imposed on a property to \$5 per \$1,000 of real market value for education and \$10 per 1,000 for general government.

Measure 50. A constitutional amendment (Art. XI, section 11) passed in 1997 that limits the growth in a property's maximum assessed value to 3% per year. It also limits a local government's taxing authority by creating permanent rate limits.

Net working capital. The sum of the cash balance, accounts receivable expected to be realized during the ensuing year, inventories, supplies, prepaid expenses less current liabilities and, if encumbrance method of accounting is used, reserve for encumbrances [ORS 294.311(27)].

Object classification. A grouping of expenditures, such as personnel services, materials and services, capital outlay, debt services, and other types of requirements [ORS 294.311(29)].

Operating rate. The rate determined by dividing the local government's operating tax amount by the estimated assessed value of the local government. This rate is needed when a local government wants to impose less tax than its permanent rate will raise.

Ordinance. A formal legislative enactment by the governing board of a municipality.

Organizational unit. Any administrative subdivision of the local government, especially one charged with carrying on one or more specific functions (such as a department, office or division) [ORS 294.311(31)].

Personnel services expenses. Expenses related to the compensation of salaried employees, such as, health and accident insurance premiums, Social Security and retirement contributions, civil service assessments.

Permanent rate limit. The maximum rate of ad valorem property taxes that a local government can impose. Taxes generated from the permanent rate limit can be used for any purpose. No action of the local government or its voters can change a permanent rate limit.

Principal act. The Oregon Revised Statutes that describe how a certain type of municipal corporation is formed, selects its governing body, the powers it may exercise and the types of taxing authority that its voters may authorize.

Prior years' tax levies. Taxes levied for fiscal years preceding the current one.

Program. A group of related activities to accomplish a major service or function for which the local government is responsible [ORS 294.311(33)].

Program budget. A budget based on the programs of the local government.

Property taxes. Ad valorem tax or another tax on property certified to the county assessor by a local government unit.

Proposed budget. Financial plan prepared by the budget officer. All funds must balance. It is submitted to the public and the budget committee for review.

Publication. Public notice given by publication in a newspaper of general circulation within the boundaries of the local government; mailing through the U.S. Postal Service by first class mail to each street address within the boundaries of the local government; or hand delivery to each street address within the boundaries of the local government [ORS 294.311(35)].

Real Market Value (RMV). The amount in cash which could reasonably be expected by an informed seller from an informed buyer in an arm's-length transaction as of the assessment date. For most properties, the value used to test the constitutional limits (ORS 308.205).

Reserve fund. Established to accumulate money from year to year for a specific purpose, such as purchase of new equipment (ORS 294.346, renumbered from 294.525).

Resolution. A formal order of a governing body; lower legal status than an ordinance.

Resource. Estimated beginning funds on hand plus anticipated receipts (ORS 294.361).

SAL Report. Summary of Assessments and Levies (ORS 309.330).

Special levy. A special levy is an ad valorem tax, imposed for an urban renewal plan on the entire municipality that adopted the plan. It is not a result of a division of tax.

Special revenue fund. A fund used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditure for specific purposes [OAR 150-294.352(1)-(A)].

Special payment. A budget expenditure category for pass-through payments, grants made to other organizations and other one-time or unusual expenditures that do not fall into the other categories of personal services, materials and services, capital outlay, etc.

Supplemental budget. A financial plan adopted during a budget period to meet unexpected needs or to appropriate revenues not anticipated when the regular budget was adopted. It cannot be used to authorize a tax (ORS 294.471, renumbered from 294.480).

Tax increment financing. A financial mechanism for urban renewal plans which captures the tax from the growth in property value within a designated geo- graphical area by dividing the taxes of local governments.

Tax on property. Any tax, fee, charge or assessment imposed by any government unit upon property or upon a property owner as a direct consequence of ownership of that property [ORS 310.140(18)].

Tax rate. The amount of tax stated in terms of a unit of tax for each \$1,000 of assessed value of taxable property.

Tax roll. The official listing of the amount of taxes imposed against each taxable property.

Tax year. The fiscal year from July 1 through June 30.

Trust fund. A fund used to account for fiscal activities of assets held in trust by a local government.

Unappropriated ending fund balance. Amount set aside in the budget to be carried over to the next year's budget. It provides the local government with cash until tax money or other revenues are received later in the year. This amount cannot be transferred by resolution or used through a supplemental bud- get, unless necessitated by a qualifying emergency (ORS 294.398, renumbered from 294.371; ORS 294.481, renumbered from 294.455).

Online Resources

BN 2017/19 Budget: http://www.ashland.or.us/SIB/files/2017-19%20Budget/2017_19_Budget_Complete.pdf

BN 2015/17 Budget: <http://www.ashland.or.us/Files/FINAL%20WEB%20BUDGET%20033116.pdf>

Oregon Department of Revenue: http://www.oregon.gov/DOR/forms/FormsPubs/local-budgeting-manual_504-420.pdf

Oregon Revised Status (Budget Related): https://www.oregonlegislature.gov/bills_laws/ors/ors294.html

OpenGov (Financial Data): <http://AshlandOR.OpenGov.com>

Council Business Meeting

December 19, 2017

Title: Budget Process Ad Hoc Committee Report

From: Ad Hoc Committee Members

Summary:

After the BN 2015/17 Budget Process it became evident that the entire budget process needed to be updated and improved. The City Council created a Budget Ad Hoc Committee to develop a set of recommendations to improve the entire two year process; the “off season” as well as the formal proposed budget review and approval process (“budget season”). The Budget Process Ad Hoc Committee is optimistic that the proposed changes will improve the efficiency, communication and overall transparency of the process.

Executive Summary

1. Create guide for Budget and non-Budget Season
2. Improve onboarding and Training
3. Complete two year schedule
4. Clarify legal framework

Actions, Options, or Potential Motions:

I move to accept the recommendations of the Budget Process Ad Hoc Committee.

Staff Recommendation:

Staff recommends acceptance of the recommendations.

Resource Requirements:

N/A

Policies, Plans and Goals Supported:

N/A

Background and Additional Information:

The Council approved the creation of the Budget Process Ad-Hoc Committee along with a formal scope of work in July of 2017. The scope of work is as follows:

The ad hoc Budget Process Committee will be convened to discuss specific issues relating to the Citizen’s Budget Committee’s (CBC) role with the City’s budget and property tax levy approval. The committee will be made up of two elected members of the CBC (Dennis Slattery and Rich Rosenthal), two citizen members of the CBC (Paula Hyatt and Garrett Furuichi), and two City staff members (Adam Hanks and Mark Welch). Each member will have voting rights. The committee will meet at a frequency desired by the committee. Topics of discussion may include but not limited to the

following:

- *Committee member's preferences for ground rules, rules of order, conduct of meetings, voting/reaching consensus, fact finder process, etc.*
- *General economic projections by the Finance Officer of the possible changes in revenues, expenditures, or requirements of the next budget process.*
- *Orientation on the budget document, the fund structure and the types of activities or programs and expenditures made from each fund in the budget.*
- *Training on the budget committee process, calendar, expectations for members, etc.*
- *Other issues deemed pertinent by the ad hoc Budget Process Committee.*

Discussion

One of the major issues facing the Ad Hoc Budget Process Committee was the legal framework that the Budget Committee works under. With extensive research and participation from the City Attorney, the Ad Hoc Committee was able to define the legal framework found in the attached reference and training guide. This easy to read and understand document provides a guide for many questions raised during the past budget cycle. The document does not only cover items found in State Statutes, but also provides a mechanism to address information requests during the budget season. The development of the legal framework was the primary focus of four of the six meetings held.

The legal framework provides a portion of the budget committee responsibilities. There is another portion of the Budget Committee that falls under the “Ashland Way”. The State provides strict requirements of what the Budget Committee does but in Ashland the Budget Committee takes on additional tasks. The “Ashland Way” includes an ongoing discussion with the Budget Committee once the formal process is completed. In order to improve the entire budget process, which includes the “budget season” and the “off-season” the Ad Hoc Committee developed a list of meetings to be held in the “off-season”:

Meeting Number	Month	Topic
0	July	Budget Process Review
1	September	8th Quarter/Last BN Budget Review
2	January	2nd Quarter Financial Report
3	February	First 6 Month CIP Update
4	March	New Budget Book Layout Review and Development
5	May	Council Strategic Plan Goals (Presentation of the Strategic Plan Goals/Objectives)
6	June/July	First Year Review
7	June/July	Second Year Look Ahead
8	October	Cost Allocation Plan/CIP Update/6 Year CIP
9	December	Long Range Financial Plan and 6th Quarter Preliminary Review
January/February		Budget Kickoff/Social Gathering
February		Department Presentation
March/April/May		Budget Season

Similar to all significant processes, a debrief is needed after the process is complete. The budget process is not set in stone but is rather a work in process that can continually be improved. As technology changes, and the wishes of the City Council/Budget Committee changes, the budget process should also change. It was evident that the process did not work for the BN 2017/19 Budget and the new process hopefully address some of those concerns.

The Budget Season

The Ad Hoc Budget Process Committee discussed ways to improve the Budget Committee formal process of approving and recommending the budget for adoption.

The proposed process will begin in January, or early February, with a kick-off meeting and budget training. The kick-off meeting will focus on assumptions being utilized for the development of the proposed budget and also major financial challenges being considered. The Budget Kick-off will also act as a training on the budget process and the legal framework of the upcoming process. The Ad Hoc would recommend that a social gathering be held after the training.

Departments will begin the process with their presentations. The focus of the presentation will not be on the numbers for the next year budget, but rather on the current operations, future challenges, capital projects, and potential required increases for the budget. The thought behind these meetings are to provide an education on the City operations to the Budget Committee and the residents of Ashland as a whole.

Once the Proposed Budget is developed the Budget Officers has proposed changes to the layout of the meetings. The proposed layout would provide more focused meetings and allow for an easier flow to follow.

The first meeting would be a review of the entire budget at a very high level. This meeting would be similar to the past budget message presentation. The focus would be on the major changes and challenges of the budget.

The second meeting would be a review of the revenue. The presentation would walk the Committee through all major revenue sources, along with underlying assumptions, for all funds. The budget is built on available resources and this meeting would develop what resources are available for operations.

The third meeting would focus on Personnel for all funds and departments. The discussion would include changes to FTE's and a review of the entire Personnel Services line item. The discussion would ultimately review salary, overtime, PERS, Health Benefits, along with every other component of Personnel. The meeting may also include a discussion of debt.

The fourth meeting would focus on the Capital projects and equipment. The discussion would be broken down by fund with analysis being provided on the funding mechanism.

The fifth and potentially last meeting would focus on the remaining available resources being allocated to Materials and Services. Depending on the length of the discussion this meeting could also include the approval of the budget and property taxes.

The Budget Officer feels that the best way to present the information is to break each category of the budget down and provide a separate meeting to discuss. It becomes confusing when every meeting includes a component of revenue, personnel, debt, capital and materials and services. If we are able to provide a comprehensive analysis of each component, the residents of Ashland and the Budget Committee can have a better understanding of the budget.

Staff Directives

The Budget Process Ad Hoc provided a list of directives to staff to accomplish within the next year. The first and most critical is improving the Budget Book. The Ad Hoc felt that the budget document needs an entire overhaul. The desire of the Ad Hoc Committee would be that an example of the new document be provided in the first half of 2018 to allow members time to review, offer feedback, and become familiar with the new document before the budget process begins. Staff is excited being allowed the opportunity to improve upon the budget document and provide an improved communication tool. The budget document is a major communication tool not only to the Budget Committee but also the residents of Ashland.

The Ad Hoc Committee has also directed staff to develop a presentation template to be utilized by all Departments in their presentation to the Budget Committee.

Special Thanks

The Budget process drives the operations of the City. It is a critical component of what the City is able to accomplish. The members of the Budget Ad Hoc Committee deserve special recognition for addressing a major issue and working to improve the process. The members of the committee had lively debate and produced a process that will hopefully improve communication and improve the budgeting for the City of Ashland. Special thanks to Paula Hyatt and Garrett Furuichi for representing the Budget Committee in this process.

Attachments:

- Draft Budget Committee Training and Reference Guide